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Company Registration Number: 07359755 (England & Wales)

The Thinking Schools Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2019



The Thinking Schools Academy Trust
(A company limited by guarantee)

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The Thinking Schools Academy Trust

(A company limited by guarantee)

Reference and Administrative Details of the Academy Trust, its Directors and Advisers For the year ended 31 August 2019

Members	Mr. P. Martin Mrs. S. Earle Mrs. D. Reed Mrs. J. Smith Mr. G. Lall
Directors	Mr. P. Martin, Chairman [1] [2] Mr. L. Miller (resigned 12 December 2018) Mr. M.R. Bailey [1] Mr. S. Gardner, Chief Executive and Accounting Officer [1] Mr. D. Morrison [2] Mrs. J. Spurgeon (resigned 15 October 2018) Mr. G. Newman [1] [2] Mr. L. Trimby [1] Mrs. A. Beard (resigned 30 October 2019) Mrs. L. Randall Mr. L. Round [1] (resigned 7 January 2019) Mr S. Geary (appointed 27 March 2019) Mrs R. Jordan-Evans (appointed 17 July 2019) [1] Member of Finance and Operations Committee [2] Member of Audit Committee
Company registered number	07359755
Principal and registered office	The Thinking Schools Academy Trust Park Crescent Chatham Kent ME4 6NR
Company Secretary	Mr. L. Miller
Chief executive officer	Mr. S. Gardner
Senior management team	Mr. S. Gardner, CEO and Accounting Officer Mr. L. Miller, Deputy CEO Mrs. C. Stevens, Director of Primary Education Mr. G. Bassan, Director of Secondary Education
Independent auditor	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Registered Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Nat West Bank Plc Maidstone Road Rochester Kent. ME1 3DY
Solicitors	Browne Jacobson 6th Floor, 77 Gracechurch Street London. EC3V 0AS

Directors' Report
For the year ended 31 August 2019

The Directors present their annual report and auditors' report of the Academy Trust for the year ended 31 August 2019.

The Academy Trust operates twelve primary and five secondary academies in Kent and Portsmouth. Its academies have a combined pupil capacity of 10,000 and had a roll of 8,453 in the school census on October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution
The Academy Trust was incorporated on 27 August 2010 as a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the Academy Trust. The memorandum and articles of association were amended on 11 January 2019.

Details of the Directors who served throughout the year, except as noted, are included in the Reference and Administrative Details.

Members' liability
Each member of the Academy Trust undertakes to contribute to the assets of the Academy Trust in the event of it being wound up whilst they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Directors and Governors' indemnities
The individual academies each maintain Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against Governors, and against the Directors of the Academy Trust. The Academy Trust has also granted indemnities to each of its Directors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the Directors, Governors or other officers may incur to third parties in the course of acting as Directors, Governors or officers of the Academy Trust. Details of the insurance cover are provided in note 14 to the financial statements.

Principal activities
The Academy Trust has expanded in the year to now control the activities of the following schools:

- The Rochester Grammar School;
- All Faiths Children's Academy;
- The Portsmouth Academy (previously known as Portsmouth Academy for Girls);
- Holcombe Grammar School (previously known as Chatham Grammar School for Boys);
- Gordon Children's Academy (Infant);
- Gordon Children's Academy (Junior);
- New Horizons Children's Academy;
- Newbridge Junior School;
- Isambard Brunel Junior School;
- The Victory Academy;
- Cedar Children's Academy;
- Meon Junior School;
- Moorings way Infant School;
- Penhale Infant School;
- Meon Infant School (since 1st September 2018) and
- Goodwin Academy (since 1st September 2018); and
- Meredith Infant School (since 1st March 2019)

All schools share a commitment to cognitive education and Thinking School status. Throughout the year ended 31 August 2019 the Trust's principal object and activity has therefore been to manage the schools within the Trust.

Method of recruitment and appointment or election of Directors
Under the terms of its Articles, when a Board of Directors has held ultimate responsibility for managing the Trust. This Board comprises the following:

- 7 Directors appointed by members (one must include the Chair);
- 3 Directors appointed by Regional Governing Bodies; and
- 1 Directors appointed by their role.

No more than 1 Director can be salaried and these are detailed in note 13 of the accounts.

Method of recruitment and appointment or election of Directors (continued)
A Director's term of office is four years (excluding the Chief Executive) but a Director is eligible for re-election at the meeting at which they retire.

Appropriate training is provided to all new Directors and Governors, as required.

During the year under review the Board of Directors met five times alongside Regional Governing Body meetings which were held termly in each school. The training and induction provided for new Directors and Governors was dependent on their existing experience. Where necessary training was provided on charity and educational legal and financial matters. All new Governors were given a tour of their respective school and the chance to meet with staff and students. All Governors were provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as Governors.

Organisation structure
The Board of Directors retains the power to appoint Governors to Regional Governing Bodies. They also have a scheme of delegation that details the powers that can be given to individual governing bodies.

The Board of Directors has a Quality Assurance executive team that will review the performance of each academy and make recommendations to the Board about the level of delegated powers that should be given to each Regional Governing Body.

The Board has a number of committees that support the work of the board:

- The Audit Committee that is made up of non-executive Directors;
- A Finance Committee;
- An Operations Committee;
- An Executive Performance and Remuneration Committee that is made up of non-executive Directors; and
- A Governance and Compliance Committee.

Arrangements for setting pay and remuneration of key management personnel
The Board's Executive Performance and Remuneration Committee has delegated responsibility to oversee this area and specifically has the following responsibilities:

- To determine and agree with the Board the framework or broad policy for the remuneration of the Trust's Chief Executive Officer and such other members of the executive management of the Trust as it is designated to consider (senior executives);
- To determine the Trust-wide pay policy and oversee the process of moderation across the Trust;
- To ensure no senior executive, Director or manager is involved in any decisions as to their own remuneration;
- To prepare and submit recommendations to the Trustees for the terms of service and remuneration (including pension arrangements) of the senior executives;
- To monitor, evaluate and report (as appropriate) to the Trustees on the performance of the Chief Executive;
- To approve appropriate remuneration packages for any new senior executive appointments;
- Having regard to the charitable status of the Trust and in recognition of the fact the Trust receives funding under a funding agreement with the Secretary of State for Education, to ensure the remuneration or other sums paid to a senior executive do not exceed an amount that is reasonable in all the circumstances;
- To review and approve the design of, and determine targets for, any performance related pay schemes operated by the Trust and approve the total annual payments made under such schemes;
- To ensure that any termination packages including contractual terms and pension benefit entitlements do not reward failure and are fair to the individual and the Trust and comply with the obligations set out in the Academies Financial Handbook;
- To review and note annually the remuneration trends across the Trust;
- To oversee any major changes in employee benefits structures in the Trust;

Arrangements for setting pay and remuneration of key management personnel (continued)

- To agree the policy for authorising claims for expenses from the senior executives;
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration or other consultants who advise the Committee. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

Total remuneration paid to senior management personnel is set out in note 11(e).

Trade union facility time

Relevant union officials (DH/LC to update)

Number of employees who were relevant union officials during the year	Full time equivalent employee number
17	17

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	17
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£1411
Total pay bill	£33,759,186
Percentage of the total pay bill spent on facility time	0.0042%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

Risk management
The Directors have assessed the major risks to which each academy and the overall Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy and its finances. Each academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Connected organisations, including related parties
Rochester Grammar School for Girls Charity is a separately registered charity, registration no. 307839. Its principal objects are the provision of items, services and facilities for the school by the making of grants to the school and individuals. This charity also owns the freehold to the school land and buildings, and leases this to the Academy Trust on a 125 year lease at an annual peppercorn rent.

There is also a Parent-Teacher Association, The Rochester Grammar School Association, also established as a separately registered charity, registration number 803801, which organises various fundraising events to provide facilities for the pupils of The Rochester Grammar School.

Little Thinkers Nursery and preschool (previously known as Isambard Brunel Centre Ltd (registration 04671163)) is a company to which, from 18th June 2015, The Thinking Schools Academy Trust was appointed the sole member and four Directors were appointed that include Directors of TSAT. The company provides childcare and nursery provision to children below statutory school age.

Thinking Solutions for Education Ltd (registration 11463368) was established to provide services to other Academies and schools.

Directors' Report
For the year ended 31 August 2019

OBJECTIVES AND ACTIVITIES

Objects and aims
The principal object of the Academy Trust is the provision of education for pupils aged between 3 and 19.

Objective, strategies and activities
The main objectives of the Academy Trust during the year ended 31 August 2018 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of all academies by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To provide after school and weekend activities; and
- To conduct the academies' business in accordance with the highest standards of integrity, probity and openness.

Public benefit
All Academies within the Trust are state funded and strive to promote and support the advancement of education within the Medway and Portsmouth local authority areas.

The Trust has a letting policy that supports the use of our facilities for the local community and other public establishments. In all cases the Trust promotes below market rates to maximise the ability for small organisations to access this.

All our Academies are members of The New Horizons Teaching School Alliance which promotes outreach work and the wider recruitment and promotion of new teachers into the sector.

The Trust remains committed to the Arts and actively promotes our students to access extra curriculum activities and deliver exhibitions and concerts that the wider community can enjoy.

Equal opportunities
The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons
All academies have made appropriate provisions for disabled persons.

The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities. Each academy does this by adapting the physical environment, by making support resources available and through training and career development.

STRATEGIC REPORT

Achievements and performance

Academic outcomes and progress:

Whole Trust:

Criteria	Trust 2017	Trust 2018	Trust 2019	Trust 2019 - GWA	National 2018
KS5 A*-B	65%	58%	54%		51.1%
KS5 A*-C	84%	79%	75%		75.5%
KS5 A*-E	98%	99%	98%		97.5%
KS4 – A*-C (4)	85%	83%	76%	82%	67%
KS4 – Basics (E&M – 4)	79%	81%	74%	78%	59%
KS2 – Combined	55%	58%	65%		65%
KS1 - Combined	67%	69%			

We are very pleased to see that the KS2 combined score has reached national for the first time this year. This shows follows an upward trend over time and reflects the focus within the Trust on lifting student outcomes in our Primary schools.

The Trust continues to perform very strongly at KS4 with outcomes well above national.

KS5 outcomes were lower than previous years, this was largely because Rochester Grammar School's results were lower than expected. Whilst there were significant preparations for the new A Level format these did not have the impact the school expected.

KS2:

	1child= x %	Reading			Writing			Maths		
		% at EXS	Prog	*Prog 2018*	% at EXS	Prog	*Prog 2018*	% at EXS	Prog	*Prog 2018*
National		73%	0	0	78%	0	0	79%	0	0
AFS	4	80%	+3.9	+3.4	80%	+2.4	+1.9	96%	+4.5	+3.7
CED	1.4	63%	-2.2	+0.3	72%	+0.3	+2.7	68%	-2.0	-0.4
GOR	1.1	79%	+1.5	-1.9	82%	+1.2	+0.7	90%	+1.6	-1.7

IBJ	1.3	61%	-2.0	-5.3	73%	-2.6	-2.0	84%	+0.1	-1.8
MJS	1.1	68%	-2.4	-4.2	86%	-1.9	-2.4	77%	-3.2	-2.4
NJS	0.9	78%	+0.5	-0.1	82%	-1.6	-2.1	87%	+0.6	-1.6
NHo	1.8	96%	+7.6	N/A	91%	+2.8	N/A	96%	+6.5	N/A
Trust	0.2	74%	+0.37	-1.2	81%	-0.38	-0.8	83%	+0.53	-1
Trust published (provisional)		N/A	+0.01	-1.2	N/A	-0.38	-0.8	N/A	+1.99	-1.0

We are delighted that for the first time we are expecting to report positive progress in Reading and Maths across the Trust.

The results at New Horizons were exceptional. Jody Murphy, the Headteacher, is now a Director of Education for the Trust and is overseeing the roll out of the successful techniques into all our Trust schools. For the first time Isambard exceeded national for attainment in Maths.

KS4 attainment:

Attainment %	**NAT**	**RGS**	**TPA**	**HGS**	**TVA**	**TVA shadow***	**GWA**	**GWA shadow***
7+	21	56	25	33	9	10	6	6
5+		93	51	78	44	46	34	35
4+	67	98	64	91	61	62	55	57
Basics (Eng/Ma 5+)		92	45	75	25	27	17	20
Basics (Eng/Ma 4+)		100	59	95	47	50	52	58
5 4+ incl Eng and Ma		99	52	92	43	45	43	49
5 5+ incl Eng and Ma		92	45	75	25	27	17	20

*Note - shadow data represents outcomes for students excluding those whose results were beyond the control of the school e.g. in hospital at time of exams.

We were delighted to see Rochester Grammar Schools results at GCSE bounce back after a dip last year.

For Portsmouth Academy, a comprehensive school, to achieve well over national for 7+ was an excellent performance.

The Victory Academy is in the bottom 10% of schools by prior attainment so for them to be so close to national for the proportion of Level 4+ results is a fantastic achievement.

Whilst Goodwin's results are still below national this represents a significant improvement from their 2018 results.

KS4 progress:

	RGS	TPA	HGS	TVA	TVA shadow*	GWA	GWA shadow*
Number of Progress 8 Entries	162	96	110	105	98	115	101
Projected Progress8 Score	+0.86	+0.2*	+0.18	-0.26	-0.09	-0.78	-0.48

*Note - shadow data represents outcomes for students excluding those whose results were beyond the control of the school e.g. in hospital at time of exams.
*Note – this result is for students who were at the school throughout their GCSE courses, the result for all students was +0.07.

We expect to be in the top 10 Trusts for progress again this year when the data is published.

The progress made at Rochester Grammar School is exceptional.

We were pleased with the progress at Holcombe Grammar School this year as this was the year recruited when the school was in special measures.

Portsmouth Academy are once again above national for progress.

Whilst Victory Academy's progress is slightly negative overall it is very close to national once the shadow group is removed.

This is the first year that Goodwin has been in our Trust. They made excellent in year progress – over a grade, however, their very low starting points in September meant that despite this their overall progress was below floor. However, you can see in the shadow data the impact of a small group of students on the overall progress of the Year group. Pleasingly on the basis of our internal data and the progress achieved last year we expect to be above floor in 2020.

Ofsted:

Ofsted Judgement of Trust Schools	Sept 2016	Sept 2017	Sept 2018	Sept 2019
Outstanding	1 (9%)	1 (8%)	2 (13%)	2 (12%)
Good	3 (27%)	9 (69%)	10 (63%)	12 (71%)
Requires Improvement	3 (27%)	2 (15%)	2 (13%)	2 (12%)
Inadequate	0	0	0	0
No judgement	4 (36%)	1 (8%)	2 (13%)	1 (6%)

The Trust continues to be recognized as delivering Good or better education by Ofsted.

Only one Trust school was inspected this year – Cedar Children's Academy – which was judged as Good. This is the first time there has been a Good school on this site for 18 years!

Celebratory Achievements

Fundraising continued to be a huge achievement of the organization this year with over £2,200 raised for Children's Charities across the Trust primary schools in one day for Children In Need. Over £1000 was raised later in the year for Comic Relief, through bake sales, dance competitions and fancy dress non-school uniform days to name a few.

Academic success spilled over into extra-curricular challenged with two pupils from The Victory Academy achieving silver and bronze certificates in this year's UKMT Senior Maths Challenge.

Celebratory Achievements (continued)

The opening of the 3G pitch at the Holcombe Park site which has been praise by staff, parents and the community as a great facilities offering more opportunities for all to participate and get involved with sport.

Both primary and secondary schools celebrated an array in sporting success. The Medway Trust games also took place and we hope to run this again next year, also in Portsmouth. All Faiths Children's Academy won the Medway Basketball competition 18/19 and Meon Junior School won the U10 Boys Portsmouth Cup and the U11 Girls Portsmouth cup in Football. Holcombe Grammar School secured their place at the Handball Southern Regional Finals, the team displayed great maturity and team spirit throughout the competition.

Rochester Grammar School raised £5795 for the Kent Surrey Sussex Air Ambulance through ticket sales of the annual 'Flair' dance competition. RGS' NChant also made it through to the Songs of Praise semi-final of 'Young Choir of the Year' finals, which was broadcast on BBC1.

The All Faiths Revolutionnaires travelled to Dundee and took home the title of the National Junior Signing Choir. This was truly one of the most inspirational success stories across the whole organization this year. The group had been practicing every Monday after school and delivered a highly emotional performance on the night.

The Trust CPD day held at The Portsmouth Academy was a success with all teacher staff coming together to collaborate, network and develop further knowledge of their Thinking.

Thinking Fitness in collaboration with Thinking Schools Academy Trust launched their 'YouCan' initiative, offering members of the local community who have been diagnosed with any form of cancer a free-of charge bespoke fitness plan at the gym. The launch event was a success with the Mayor of Medway in attendance, along with other key representatives within the community.

A number of schools have launched climate-conscious initiatives in their efforts to reduce their carbon footprints, The Victory Academy invited Tracey Crouch to attend a student council meeting whereby the council discussed what can be done locally to change the effect pupils can have on the environment in Medway. Meon Junior School entered Portsmouth City Council's 'Recycling Superstars' competition and received a certificate for their submission, the council highly commended the school for their efforts.

Meon Infant School raided over £9,000 through an initiative ran by 'Friends of Meon Infant School' for their garden. The children absolutely love it and the transformation was amazing.

Cedar Children's Academy launched their 'Intergenerational Learning' project which allowed residents of a local care home to visit the Year R students weekly over the spring term. The children were commended by the residents for being so polite and considerate. The story was printed in the local paper and is a real success story. The children valued the scheme which was priceless in value for growth and interaction for the children.

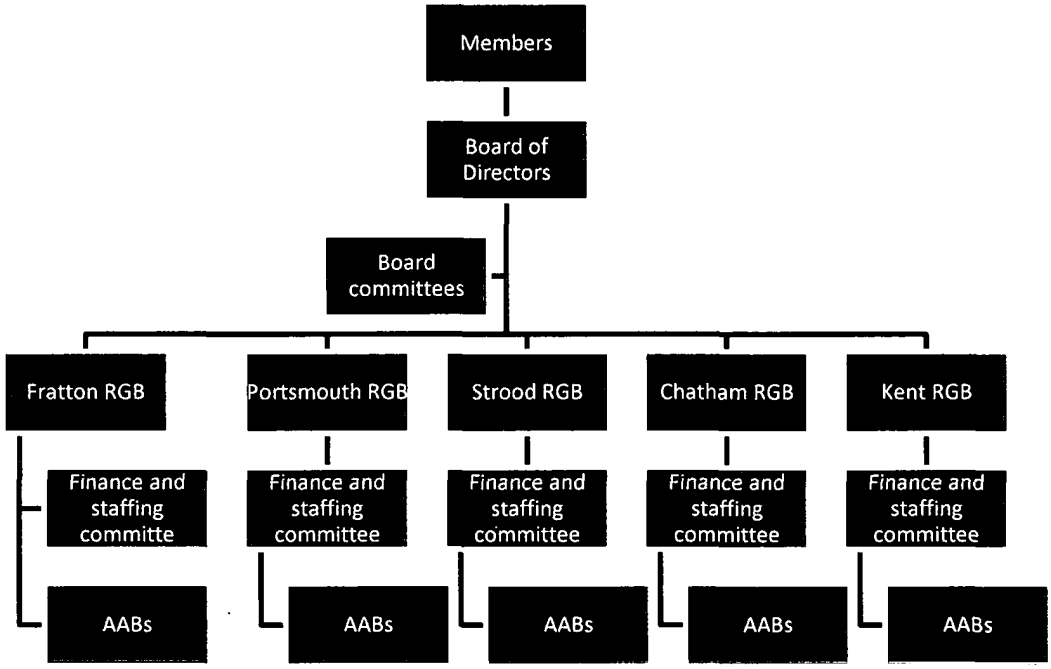
Thinking:

We are the only Trust which explicitly focuses on the use of metacognition in the classroom and are the only Trust committed to all schools becoming accredited Thinking Schools by Exeter University. As you can see all our schools aim to become accredited Thinking schools within 3 years. Thinking Schools Academy Trust schools make up 1/3 of all accredited Thinking schools in England.

School	Accreditation status	Years in the Trust
AFS	Accredited Thinking School	8
CED	Accredited Thinking School	3
GA	Working towards	1
GOR	Accredited Thinking School	4
HGS	Accredited Thinking School	5
IBJ	Accredited Thinking School	4
MER	Working towards	0
MIS	Working towards	1
MJS	Working towards	2
MWI	Working towards	2
NH	Accredited Thinking School	4
NJS	Accredited Thinking School	4
PEN	Working towards	1
RGS	Accredited Advanced Thinking School	8
TPA	Accredited Advanced Thinking School	5
VIC	Accredited Thinking School	4

New Executive Leadership and Governance Structure:

In order to better support our schools and prepare the Trust for potential growth outside its current areas the Trust has adjusted its leadership and governance model. Rather than being led by phase Directors the leadership structure is now based around geographical Directors of Education:



Board committees
Finance
Staffing, pay and performance
Curriculum and standards
Audit and risk
Operations
Governance and compliance

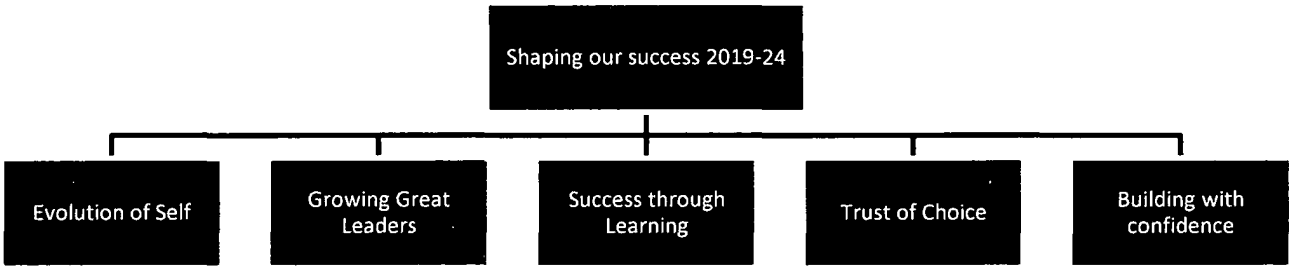
Acronyms
RGB – Regional Governing Body (1 per hub)
AAB – Academy Advisory Board (1 per school)

Priorities for the year ahead

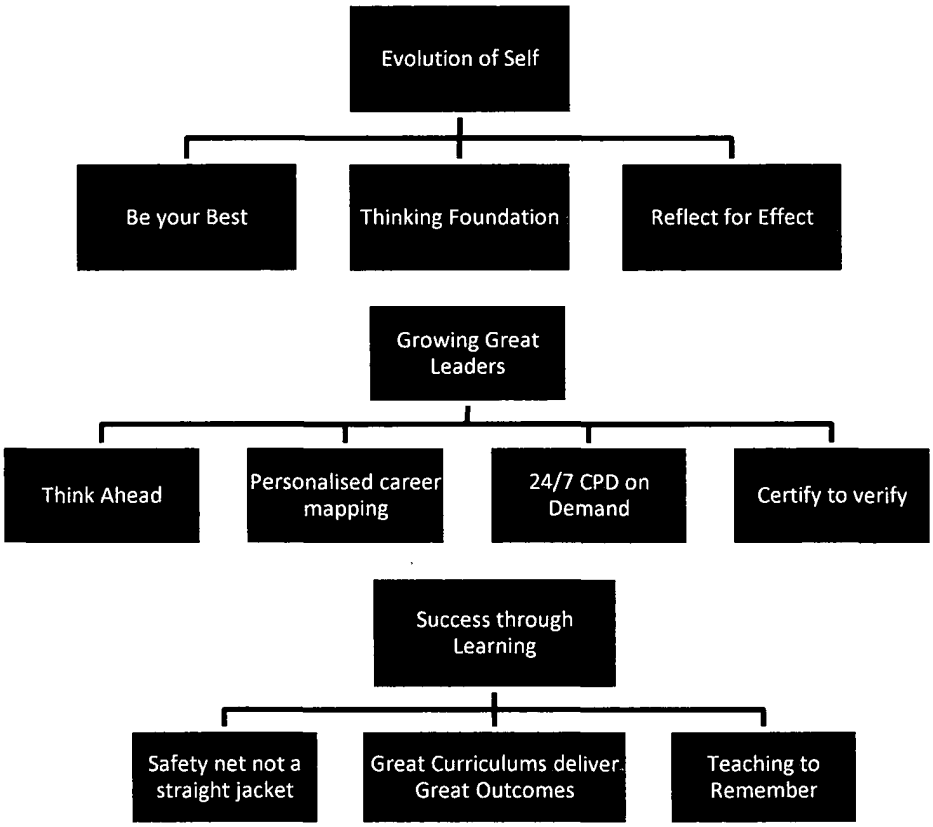
Strategic priorities:

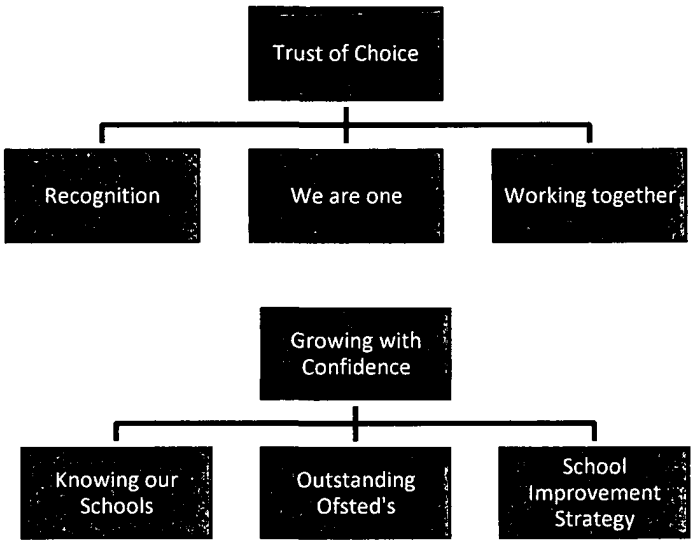
The Trust has identified that it is nearing the top of its current S Curve of change and impact. Therefore, we have spent much of the last 3 months looking ahead and strategically planning for the next 3-5 years.

The Board has approved a strategic vision based around 5 pillars:



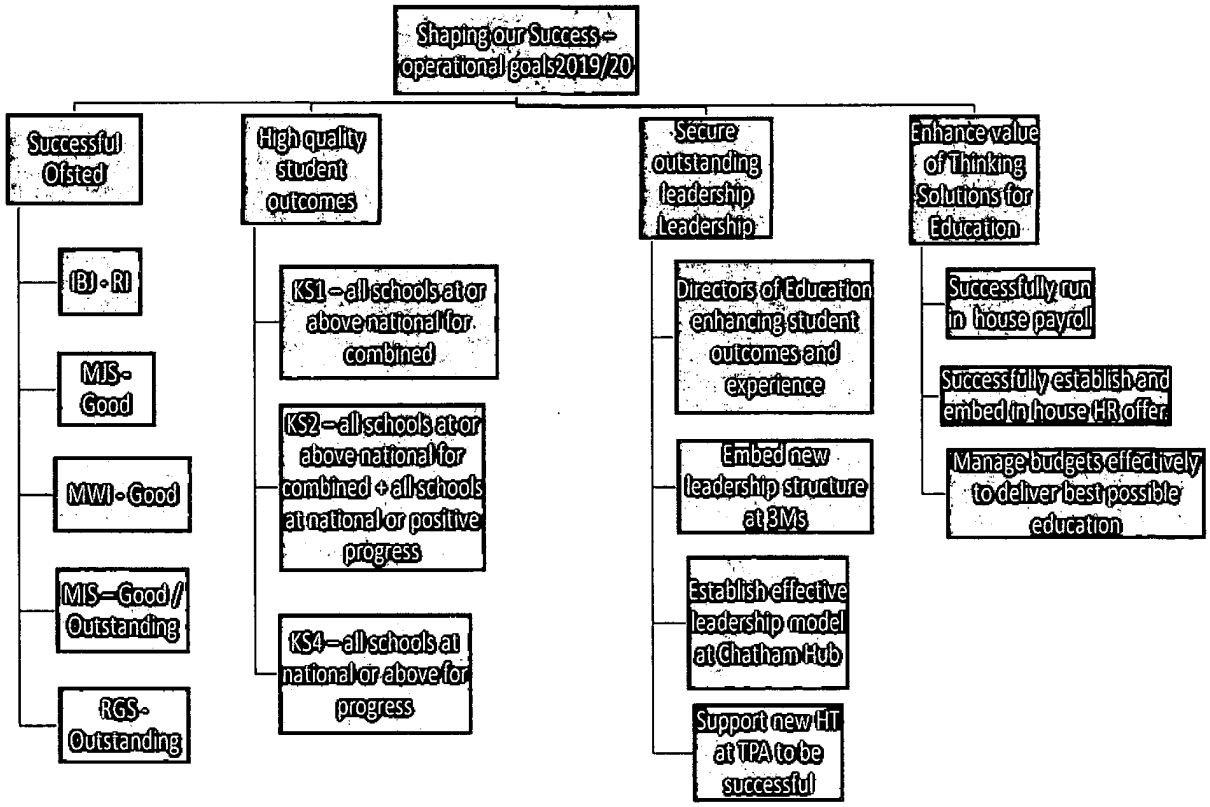
Each pillar has a number of key strands:





The key strategic work in 2019/20 is to effectively communicate this change to the organization, establish the need for the change and ensure we have an effective coalition ready to deliver the changes as they are rolled out from September. Therefore, much of the critical work this year is in laying the foundations for us to successfully deliver the necessary change in the medium and long term.

Operational priorities:



Going concern
After making appropriate enquiries, the Directors have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key performance indicators
The Directors consider that the following are key performance indicators for the Academy Trust:

- School performance as detailed by the regulator (Ofsted);
- Latest pupil outcome performance targets;
- Pupil attendance targets;
- Percentage of income spent on teaching staff;
- Percentage of income spent on total staff costs;
- Pupil numbers surplus (leading directly to ESFA funding level);
- General financial stability - aim for income to match expenditure each year; and
- Staff turnover.

The Directors have established a Quality Assurance executive team that oversees the performance of all academies within the Trust. It regularly reviews a dashboard completed by the Chief Executive along with information provided by commissioned reviews. As a result of this the Board is able to ensure that support is targeted at the appropriate areas / schools within the Trust.

The Trust's performance against these KPI's can be found in the published Board minutes.

Financial review
Since the Trust has expanded from fourteen to seventeen academies during the year, the financial performance is heavily influenced by the value of the net assets inherited and transferred into the Trust. Two of the joiners, Meon Infant School ("MIS") and Meredith Infant School ("MEI"), were new academy converters and details of these transfers are provided in note 28. The other joiner, Goodwin Academy ("GWA"), was re-brokered from another multi-academy trust and details of this transfer are provided in note 37.

It is also important to note that, for the first time, the financial statements represent group financial statements. Details of the Trust's subsidiary companies which are consolidated in the group accounts are provided in note 16. In accordance with accounting requirements the Statement of Financial Activities ("SoFA") provides details of the group consolidated income and expenditure, after the elimination of any transactions between group companies. Both a consolidated Balance Sheet and the Academy Trust's own individual Balance Sheet are included within the financial statements. Note 27 provides details about the parent company Academy Trust's own net movement in funds.

Most of the Trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding and various other self-generated income streams.

Total income for the year was £54.8m compared to £38.2m in the previous year. The increase can be largely attributed to:

- The current year total includes £5.3m relating to the transfer of funds transferred in when an existing academy (GWA) joined the trust and £1.5m for the transfer of MIS from the Local Authority (see note 3);
- Capital grant fund has increased to £3.0m from £2.0. The Trust receives a guaranteed School Condition Allocation (SCA) from the ESFA and this the increase reflects the Trust's significant pupil growth.
- Core General Annual Grant ("GAG") funding has increased by £8.9m following the expansion of the trust in terms of the number of academies and pupil numbers;

The consolidated SOFA shows net income for the year of £4.9m *(2018: £786k)*. The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was an increase of £178k *(2018: £4.0m)*.

It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the Trust's academies, for example the movements on tangible fixed assets, the LGPS defined benefit pension liability, funds transfers into the Trust for joining academies and revenue to capital transfers.

Excluding all these non-operational movements the Group's operational result on revenue funds for the year was a surplus of £49k *(2018: £428k)*, as reconciled from the consolidated SoFA on the following page.

		2019 (£000s)	2018 (£000s)
Overall net movement in Group funds for the year per SoFA		178	3,983
Add:			
Decrease / (increase) attributable to fixed asset fund	See A	(10,869)	(2,252)
Decrease / (increase) in endowment fund		5	-
(Deficit/surplus inherited on revenue funds from joining academies		790	(133)
LGPS liabilities inherited from joining academies		2,888	299
LGPS actuarial (gain)/loss	See B	4,699	(3,197)
LGPS service and interest costs	See B	2,116	1,413
Total movement in year on revenue funds		**(193)**	**113**
Revenue to capital transfers		242	315
Operational surplus /(deficit) on revenue funds		**49**	**428**

(A) The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds, notably the school buildings. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

(B) The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result.

At 31 August 2019, the Group held fixed assets with a value of £95m (2018: £85m) and movements in tangible fixed assets are shown in note 15 to the financial statements. Most of these assets are owned by the parent academy trust and £93m relates to the value of leasehold school buildings.

During the year the Trust has continued to operate a policy of 'top slicing' each academy at a flat rate of 5%. The top slice funds are held within a central fund that can account for all movement of funds used by central services. Details are provided in note 12 to the financial statements.

Financial position
The Group held fund balances at 31 August 2019 of £76.9m *(2018: £76.7m)*. These funds included restricted fixed asset funds of £96.7m *(2018: £85.8m)* and unrestricted revenue funds of £1,333k *(2018: £500k)*.

Two funds were in deficit at the 31 August 2019. The pension reserve deficit of nearly £20m *(2018: £10m)* does not mean that an immediate liability crystallises; it results in a cash flow effect for the Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the Academy Trust because of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the Trust have been fixed until 1 April 2020.

The significant increase in the LGPS liability during 2018-19 has arisen because of deficits inherited from joining academies (£2.9m) together with a number of issues described in note 2 to the financial statements explaining critical accounting estimates and judgements.

Restricted revenue funds are in overall deficit of £1,114k at 31 August 2019 but this is not a concern. Each academy holds its own reserves and apart from Goodwin Academy, which joined the Trust during the year as previously noted, all academies have a surplus position at year end. Goodwin Academy has deficit of £1.64m at 31 August 2019, and of this £1m was inherited when the academy joined the Trust. The in-year deficit which has increased the overall deficit was expected and is being managed. Further details are provided towards the end of note 21 of the financial statements.

Principal risks and uncertainties
The main risks that each academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans. The Board has classified all its risks into 4 categories and review the risk register at every board meeting:

- *Strategic and Reputational* - This covers unfavorable Ofsted reports, risk of uncontrollable events and insufficient demand for academy service. Competition from other schools with similar objects and little scope for differentiation. Also includes the capacity of existing buildings to deliver teaching and learning to students;

- *Operational risks* – These are the risks associated with appointing the right quality staff and Governors to lead the organisation and the individual academies;

- *Compliance risk* – The importance of the need to meet statutory requirements connected with employment, Health & Safety and those set by the DfE; and

- *Finance risk* - The Board monitors the financial risk associated with managing a large organisation that balances local autonomy with the need to establish good financial controls. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the Directors are comfortable with the current level of employer contributions the academies are required to pay.

Financial and risk management objectives and policies
None of the individual academies use complex financial instruments. Each academy manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from operations.

The main risks arising from the academies' financial activities are liquidity risk, cash flow interest rate risk, and credit risk, as detailed below:

- *Liquidity risk* – the Trust operates a pooled bank account and so that all its operating needs are met without the need for short-term borrowing;

- *Interest rate risk* - each Trust earns interest on cash deposits. With interest rates currently low, the Directors consider action to increase the income from these deposits, whilst ensuring it does not jeopardise the liquidity or security of the academy's assets; and

- *Credit risk* - this arises from the possibility that amounts owed to the academies will not be repaid. Neither academies partake in credit activities so is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Reserves policy
The Directors review the reserve levels of the Trust, and of each individual academy, on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Directors have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The financial statements identify an overall deficit of £1,114k on restricted funds (this excludes the restricted fixed asset fund and restricted pension fund) which are held for use by the individual academies and in no situation exceeds 5% of annual income which the Board believes is an adequate level to manage future uncertainties.

The Trust holds an unrestricted fund of £1,333k and whilst part of this is held by individual academies, the Trust reserves the right to redeploy these resources to meet the wider needs of the organisation

DISCLOSURE OF INFORMATION TO AUDITORS

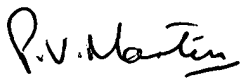
In so far as the Directors are aware:

- There is no relevant audit information of which the company's auditor is unaware; and
- The Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered in due course.

This report, incorporating the Strategic report, was approved by order of the Board of Directors and signed on the Board of Director's behalf by:



Mr. P. Martin, Chair of Directors



Mr. S. Gardner, Chief Executive and Accounting Officer

Date: 11 December 2019

Governance Statement

Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that The Thinking Schools Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Thinking Schools Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met five times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Mr. P. Martin, Chair of Trustees	5	5
Mr. S. Gardner, Chief Executive	5	5
Mr. L. Miller, Finance Director	2	2
Mr. M.R. Bailey	4	5
Mr. D. Morrison	3	5
Mr. G. Newman	5	5
Mrs. A Beard	1	5
Mrs. L. Randall	4	5
Mr. L. Trimby	5	5
Mr. S. Geary (from 27/03/19)	3	3
Ms. R. Jordan-Evans (from 17/07/19)	1	1

In addition to the five formal meeting identified above the Trust holds a 'Business Meeting' in September where all Directors, Governors and Advisory Board Members are invited to receive an update from the Executive regarding the previous year's performance and priorities for the year ahead. Directors also attend a 2 day leadership conference in September where they work with the Executive and Heads to develop strategy for the Trust and schools

At the start of the year each Academy is part of a Regional Governing Body that is made up of parents, staff and those appointed by Directors.

As part of a review of governance structures that commenced in June 2015, the Board approved a new regional structure of governance from 1 January 2016. From this date the Local Governing Bodies were disbanded and were replaced with Regional Governing Bodies (Medway Primary, Medway Secondary, Portsmouth 1 and Portsmouth 2). From September 2019 the Board agreed a change to the groupings of the Regional Governing Body and the creation of an additional Governing body. (Strood, Chatham, Kent, Portsmouth and Fratton)

Directors retain the ability to appoint the Governors that serve on the Regional Governing Body and have agreed a structure that appointments are based on skills assessments. A scheme of delegation is in place to clearly show the delegated powers from the Board to the Regional Governing Bodies.

Each academy has an advisory body that is made up of local stakeholders that act as a critical friend for the academy and provide input into the decision making of the Regional Governing Body and/or Trust board.

Each Regional Governing Body has its own independent Finance and Staffing Committee acting as a sub-committee of the Regional Governing Body. The purpose of the Finance and Staffing Committee is to assist the decision making of their Regional Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the school's finances and resources, including proper planning, monitoring and probity.

As part of our ongoing commitment to improve our governance arrangement the Board has established a Governance and Compliance Committee that continually reviews the governance function of the organisation and oversees the implementation of improvements that are identified.

Governance (continued)

The Board has a Finance Committee that has met three times this year. Attendance at the Finance Committee meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr. S. Gardner	3	3
Mr. L. Miller	1	1
Mr. M. Bailey	3	3
Mr. P. Martin	3	3
Mr. L. Trimby, Chair	3	3

The Audit Committee is also a sub-committee of the main Board of Directors. Its purpose is to review the risks to internal financial control at the Academy Trust, liaising with internal and external auditors as necessary. During the year the Audit Committee has considered the risks the Trust faces, and directed the work of the internal auditors towards these areas, and established a programme of internal audit checks extending into the 2018/19 academic year to provide assurance on the operation of the systems and controls in the academies that have joined the Trust during the year and since the year end.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr. P. Martin	3	3
Mr. D. Morrison	3	3
Mr. G. Newman, Chair	3	3

The Chief Executive and Finance Director are invited to each meeting and provide the management information for the committee to consider and evaluate.

The Staffing, Pay & Performance Management Committee has met 3 times this year.

Attendance at meetings in the year was as follows:

Director	Meeting attended	Out of a possible
Mr. P. Martin	2	3
Mr S Gardner	3	3
Mr. M. Bailey	3	3
Mr L Miller	1	1

Review of value for money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Using senior staff to support other Trusts that has resulted in a reduction in senior staff net costs to the Trust;
- Pooling the procurement decisions across IT and site has led to an ability to generate reduction in cost per pupil for these services comparted to previous years;
- Catering and cleaning contracts have been retendered, as a result the Trust has secured an improved arrangement for both services going forward; and
- Further restructures at school level focused on grouping school leadership teams together has resulted in further savings generated.

Governance Statement

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Thinking Schools Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided to appoint UHY Hacker Young, the external auditor, to perform an internal audit function for the trust with segregated teams.

The appointees' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The Audit Committee has designed a programme of work across the Trust which varies from academy to academy based on the relative risks. Appointees have performed regular system checks throughout the year (3 visits across the year with a focus on procurement, GDPR and recruitment practices) have reported to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The Risk and Control Framework (continued)

During the year ended 31 August 2019 the internal audit function has been fully delivered in line with the requirements of the Education & Skills Funding Agency, and as planned. No material control issues have arisen and any recommendations for improvements are reported and monitored by the Audit Committee.

Review of Effectiveness

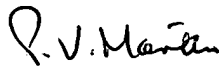
As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the external auditor;
- The financial management and governance self-assessment process; and
- The work of the executive leaders within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Review of Effectiveness (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Board of Directors and signed on their behalf, by:



Mr. P Martin, Chair of Directors

Mr. S Gardner, Chief Executive and Accounting Officer

Date: 11 December 2019

Statement on Regularity, Propriety and Compliance

As accounting officer of The Thinking Schools Academy Trust I have considered my responsibility to notify the Academy Trust board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Directors are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Directors and ESFA.

Mr. S. Gardner
Chief Executive and Accounting Officer

Date: 11 December 2019

Statement of Directors' responsibilities
For the Year Ended 31 August 2019

The Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the charitable company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in their conduct and operation the Group and the charitable company apply financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Directors and signed on its behalf by:



Mr. P. Martin
Chair of Directors

Date: 11 December 2019

Independent Auditors' Report on the financial statements to the Members of The Thinking Schools Academy Trust

Opinion

We have audited the financial statements of The Thinking Schools Academy Trust (the 'parent Academy Trust') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Academy Trust balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Academy Trust's affairs as at 31 August 2019 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Directors' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent Academy Trust has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Academy Trust financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 16 December 2014

Independent Reporting Accountant's Assurance Report on Regularity to The Thinking Schools Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Thinking Schools Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Thinking Schools Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Thinking Schools Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Thinking Schools Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Thinking Schools Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Thinking Schools Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Thinking Schools Academy Trust for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance. The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Independent Reporting Accountant's Assurance Report on Regularity to The Thinking Schools Academy Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Kent LLP

UHY Kent LLP
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 16 December 2019

Consolidated Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2019

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	*Total funds 2018 £000*
Income and endowments from:							
Donations and capital grants:	3						
Transfer from local authority		210	(559)	1,825	-	1,476	*2,084*
Transfer in of existing academy		-	(3,329)	8,661	-	5,332	-
Other donations and capital grants		18	94	3,127	-	3,239	*2,088*
Charitable activities	4	172	42,951	-	-	43,123	*32,710*
Teaching schools	38	-	179	-	-	179	*242*
Other trading activities	5	1,389	14	-	-	1,403	*1,024*
Investments	6	16	-	-	-	16	*5*
Total income and endowments		1,805	39,350	13,613	-	54,768	*38,153*
Expenditure on:							
Raising funds	7	457	-	-	-	457	*366*
Charitable activities	8	345	45,940	2,986	5	49,276	*36,776*
Teaching schools	38	-	158	-	-	158	*225*
Total expenditure		802	46,098	2,986	5	49,891	*37,367*
Net income/(expenditure)		1,003	(6,748)	10,627	(5)	4,877	*786*
Transfers between funds	21	(170)	(72)	242	-	-	-
Net movement in funds before other recognised gains/(losses)		833	(6,820)	10,869	(5)	4,877	*786*
Other recognised gains/(losses):							
Actuarial losses on defined benefit pension schemes	31	-	(4,699)	-	-	(4,699)	*3,197*
Net movement in funds		833	(11,519)	10,869	(5)	178	*3,983*
Reconciliation of funds:							
Total funds brought forward		500	(9,560)	85,789	7	76,736	*72,753*
Net movement in funds		833	(11,519)	10,869	(5)	178	*3,983*
Total funds carried forward		1,333	(21,079)	96,658	2	76,914	*76,736*

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 32 to 65 form part of these financial statements.

Consolidated Balance Sheet
As at 31 August 2019

	Note		2019 £000		*2018 £000*
Fixed assets					
Tangible assets	15		95,327		*85,285*
Current assets					
Debtors	17	2,281		*2,109*	
Cash at bank and in hand		4,798		*3,813*	
		7,079		*5,922*	
Creditors: amounts falling due within one year	18	(4,365)		*(3,889)*	
Net current assets			2,714		*2,033*
Total assets less current liabilities			98,041		*87,318*
Creditors: amounts falling due after more than one year	19		(1,158)		*(316)*
Provisions for liabilities			(4)		*(4)*
Net assets excluding pension liability			96,879		*86,998*
Defined benefit pension scheme liability	31		(19,965)		*(10,262)*
Total net assets			76,914		*76,736*
Funds of the Academy Trust	21				
Endowment funds			2		*7*
Restricted funds:					
Fixed asset funds	21	96,658		*85,789*	
Restricted income funds		(1,114)		*702*	
Restricted funds excluding pension asset		95,544		*86,491*	
Pension reserve		(19,965)		*(10,262)*	
Total restricted funds			75,579		*76,229*
Unrestricted income funds	21		1,333		*500*
Total funds	21		76,914		*76,736*

The financial statements on pages 28 to 65 were approved by the Directors, and authorised for issue and are signed on their behalf, by:

P.V. Martin

Mr. P. Martin (Chair of Directors)

S. Gardner

Mr. S. Gardner (Chief Executive and Accounting Officer)

Date: 11 December 2019

The notes on pages 32 to 65 form part of these financial statements.

Academy Trust Statement of financial position
As at 31 August 2019

	Note		2019 £000		*2018 £000*
Fixed assets					
Tangible assets	15		95,307		*85,262*
Investments	16		25		*25*
			95,332		*85,287*
Current assets					
Debtors	17	2,250		*2,107*	
Cash at bank and in hand		4,654		*3,679*	
		6,904		*5,786*	
Creditors: amounts falling due within one year	18	(4,335)		*(3,857)*	
Net current assets			2,569		*1,929*
Total assets less current liabilities			97,901		*87,216*
Creditors: amounts falling due after more than one year	19		(1,158)		*(316)*
Net assets excluding pension liability			96,743		*86,900*
Defined benefit pension scheme liability	31		(19,965)		*(10,262)*
Total net assets			76,778		*76,638*
Funds of the Academy Trust	21				
Endowment funds	21		2		*7*
Restricted funds:					
Fixed asset funds	21	96,658		*85,789*	
Restricted income funds	21	(1,114)		*702*	
Restricted funds excluding pension liability		95,544		*86,491*	
Pension reserve	21	(19,965)		*(10,262)*	
Total restricted funds			75,579		*76,229*
Unrestricted income funds	21		1,197		*402*
Total funds			76,778		*76,638*

The financial statements on pages 28 to 65 were approved by the Directors, and authorised for issue and are signed on their behalf, by:

Mr. P. Martin (Chair of Directors) Mr. S. Gardner (Chief Executive and Accounting Officer) Date: 11 December 2019

The notes on pages 32 to 65 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 August 2019

	Note	2019 £000	*2018 £000*
Cash flows from operating activities			
Net cash provided by operating activities	23	47	*520*
Cash flows from investing activities	25	938	*135*
Cash flows from financing activities	24	-	*(10)*
Change in cash and cash equivalents in the year		985	*645*
Cash and cash equivalents at the beginning of the year		3,813	*3,168*
Cash and cash equivalents at the end of the year	26	4,798	*3,813*

The notes on pages 32 to 65 from part of these financial statements

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Consolidated statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Academy Trust and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The comparative figures have been restated to include the results of the subsidiary which traded in the prior year.

The Academy Trust has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

With Goodwin Academy being transferred into the Trust from 1 September 2018, this has resulted in a significant negative impact on held reserves. Assurances have been agreed with the ESFA that any cash repayment of this liability will be at a point when financial sustainability of Goodwin Academy within the Trust has been established.

1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Consolidated statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**

  Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Transfer on conversion**

  Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Transfer of existing academies into the Academy Trust**

  Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

  This includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

  These are costs incurred on the Group's educational operations, including support costs and costs relating to the governance of the Group apportioned to charitable activities.

  All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1. Accounting policies (continued)

1.7 Tangible fixed assets

All equipment costing more than £2,500 and property improvements costing more than £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Consolidated statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Consolidated statement of financial activities.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- over 125 year term of lease
Long-term leasehold property improvements	- 10%
Furniture and equipment	- 20-25%
Computer equipment	- 33.33%
Assets under construction	- Not depreciated

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Consolidated statement of financial activities.

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1. **Accounting policies (continued)**

1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.13 Financial instruments

The Group only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Group and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight line basis over the lease term.

1.15 Conversion to academy status

The conversion from a state maintained school to academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Meon Infant School and Meredith Infant School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Consolidated statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 28.

1. Accounting policies (continued)

1.16 Pensions

Retirement benefits to employees of the Group are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Consolidated statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.17 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds.

The funds received and paid and any balances held are disclosed in note 35.

1.18 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Group at the discretion of the Directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 31, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

For 2018-19 there has been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the Academy Trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £739k. This is reflected as a past service cost, within staff costs, and detailed in note 31.

There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 31. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	*Total funds 2018 £000*
Tfr from LA on conversion (note 28)	210	(559)	1,825	1,476	*2,084*
Tfr in from existing academy trust (note 37)	-	(3,329)	8,661	5,332	-
Donations	18	94	-	112	*88*
Capital grants	-	-	3,127	3,127	*2,000*
	228	(3,794)	13,613	10,047	*4,172*
Analysis of 2018 total by fund	*156*	*(234)*	*4,250*	*4,172*	

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	*Total funds 2018 £000*
DfE/ESFA grants				
General Annual Grant (GAG)	-	36,689	36,689	*27,821*
Other DfE/ESFA grants	-	3,975	3,975	*2,727*
	-	40,664	40,664	*30,548*
Other government grants				
Local authority grants	-	1,292	1,292	*1,197*
	-	1,292	1,292	*1,197*
Other funding				
School trips	-	408	408	*438*
Catering	-	202	202	*183*
Other	172	385	557	*344*
	172	995	1,167	*965*
	172	42,951	43,123	*32,710*
Analysis of 2018 total by fund	*178*	*32,532*	*32,710*	

5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	*Total funds 2018 £000*
Hire of facilities	341	-	341	*294*
Thinking fitness	235	-	235	*153*
Catering profit share	114	-	114	*112*
Other	6	14	20	*85*
Subsidiary income	693	-	693	*380*
	1,389	14	1,403	*1,024*
Analysis of 2018 total by fund	*1,020*	*4*	*1,024*	

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	*Total funds 2018 £000*
Bank interest	16	16	*5*

All investment income in 2018 related to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	*Total 2018 £000*
Expenditure on fundraising trading activities:					
Direct costs	383	-	74	457	*366*
Educational operations:					
Direct costs	29,928	1,940	3,581	35,449	*26,568*
Allocated support costs	7,241	2,842	3,744	13,827	*10,208*
Teaching school	91	-	67	158	*225*
	37,643	4,782	7,466	49,891	*37,367*
Analysis of 2018 total	*28,296*	*2,995*	*6,076*	*37,367*	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	*Total funds 2018 £000*
Educational operations	345	48,926	5	49,276	*36,776*
Analysis of 2018 total by fund	*317*	*36,459*	-	*36,776*	

9. Analysis of expenditure by activities

	Direct costs 2019 £000	Support costs 2019 £000	Total funds 2019 £000	*Total funds 2018 £000*
Educational operations	35,449	13,827	49,276	*36,776*
Analysis of 2018 total	*26,568*	*10,208*	*36,776*	

Analysis of support costs

	Total funds 2019 £000	*Total funds 2018 £000*
Staff costs	7,241	*5,487*
Premises costs	2,847	*1,869*
Technology costs	863	*694*
Other support costs	2,784	*2,070*
Governance costs	92	*88*
	13,827	*10,208*

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	*2018 £000*
Operating lease rentals	177	*190*
Depreciation of tangible fixed assets	2,684	*2,070*
Fees paid to auditors for:		
- audit	31	*28*
- other services	6	*5*
Governance internal audit costs	12	*9*

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Wages and salaries	27,337	*20,778*	26,983	*20,491*
Social security costs	2,641	*1,986*	2,625	*1,984*
Pension costs	6,606	*4,803*	6,593	*4,795*
	36,584	*27,567*	36,201	*27,270*
Agency staff costs	973	*630*	973	*630*
Staff restructuring costs	86	*99*	86	*99*
	37,643	*28,296*	37,260	*27,999*

Staff restructuring costs comprise:

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Redundancy payments	7	-	7	-
Severance payments	79	*99*	79	*99*
	86	*99*	86	*99*

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £46k *(2018 - £99k)*. Individually, the payments were: £22k, £15k, £7k and £2k.

c. Staff numbers

The average number of persons employed by the Group and the Academy Trust during the year was as follows:

	Group 2019 No.	*Group 2018 No.*	Academy Trust 2019 No.	*Academy Trust 2018 No.*
Teachers	426	*337*	426	*337*
Administrative and support	691	*551*	669	*551*
Management	62	*56*	60	*56*
	1,179	*944*	1,155	*944*

11. Staff costs (continued)

c. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	Group 2019 No.	*Group 2018 No.*	Academy Trust 2019 No.	*Academy Trust 2018 No.*
Teachers	382	*300*	382	*300*
Adminstrative and support	425	*316*	407	*316*
Management	61	*54*	59	*54*
	868	*670*	848	*670*

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2019 No.	*Group 2018 No.*
In the band £60,001 - £70,000	7	*5*
In the band £70,001 - £80,000	5	*2*
In the band £80,001 - £90,000	2	*1*
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	2	*2*
In the band £110,001 - £120,000	1	*1*
In the band £150,001 - £160,000	1	*1*

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £633k *(2018 - £627k)*.

12. Central services

The Group has provided the following central services to its academies during the year:

- Chief Executive Leadership time and support
- Finance director time and support
- HR services and policy development
- Finance system and policy development
- Audit fees (both internal and external)
- Legal advice and support
- Trust governance and risk management
- Trust IT staff and website development
- ICT and capital strategy and development
- External quality assurance consultants

The Group charges for these services on the following basis:

Each academy school pays a 'top slice' of their General Annual Grant income to the trust's central services fund. This payment is set at 5% for all schools in the trust. Any unused surplus is rolled forward into the next year.

The actual amounts charged during the year were as follows:

	2019	*2018*
	£000	*£000*
The Rochester Grammar School (RGS)	276	*272*
Gordon Children's Academy (GOR)	92	*92*
The Portsmouth Academy (TPA)	202	*157*
Holcombe Grammar School (HGS)	196	*186*
All Faith's Children's Academy (AFS)	60	*55*
New Horizons Children's Academy (NHO)	105	*87*
Isambard Brunel Junior School (IBJ)	61	*57*
Newbridge Junior School (NBR)	98	*88*
The Victory Academy (VIC)	250	*191*
Cedar Children's Academy (CDR)	98	*98*
Meon Junior School (MJS)	65	*62*
Moorings Way Infant School (MWI)	25	*26*
Penhale Infant School and Nursery (PHI)	51	*22*
Meredith Infant School (MEI)	28	-
Meon Infant School (MIS)	36	-
Goodwin Academy (GWA)	99	-
Total	1,742	*1,393*

Central also provided premises and IT maintenance services during the year which across the Trust valued £6,051m. The additional central expenditure for these services is reflected in the central services figure per note 21.

13. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

		2019 £000	*2018* *£000*
Mr. S. Gardner (CEO)	Remuneration	145 - 150	*145 - 150*
	Pension contributions paid	20 - 25	*20 - 25*
	Other benefits	5 - 10	*0 - 5*
Mr. L. Miller (resigned 12 December 2018)	Remuneration	25 - 30	*110 - 115*
	Pension contributions paid	0 - 5	*15 - 20*
	Other benefits	0 - 5	*0 - 5*

During the year ended 31 August 2019, expenses totalling £1k were reimbursed or paid directly to 2 Directors *(2018 - £2k to 3 Directors)*.

14. Directors' and Officers' insurance

The Group has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Directors and officers indemnity element from the overall cost of the RPA scheme membership.

15. Tangible fixed assets

Group

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2018	87,475	534	1,149	3,025	92,183
Additions	981	772	86	426	2,265
Transfers in on conversion	1,803	-	-	-	1,803
Transfer in of existing academy	8,350	-	366	378	9,094
Transfers between classes	365	(423)	4	54	-
At 31 August 2019	98,974	883	1,605	3,883	105,345
Depreciation					
At 1 September 2018	4,059	-	821	2,018	6,898
Charge for the year	1,940	-	173	574	2,687
Transfer in of existing academy	-	-	176	257	433
At 31 August 2019	5,999	-	1,170	2,849	10,018

15. Tangible fixed assets (continued)

Group (continued)

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Net book value					
At 31 August 2019	92,975	883	435	1,034	95,327
At 31 August 2018	*83,416*	*534*	*328*	*1,007*	*85,285*

Academy Trust

	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2018	87,475	534	1,123	3,025	92,157
Additions	981	772	86	426	2,265
Transfers in on conversion	1,803	-	-	-	1,803
Transfer in of existing academy	8,350	-	366	378	9,094
Transfers between classes	365	(423)	4	54	-
At 31 August 2019	98,974	883	1,579	3,883	105,319
Depreciation					
At 1 September 2018	4,059	-	818	2,018	6,895
Charge for the year	1,940	-	170	574	2,684
Transfer in of existing academy	-	-	176	257	433
At 31 August 2019	5,999	-	1,164	2,849	10,012
Net book value					
At 31 August 2019	92,975	883	415	1,034	95,307
At 31 August 2018	*83,416*	*534*	*305*	*1,007*	*85,262*

Included in land and buildings is leasehold land of £12m *(2018 - £9m)* which is not depreciated.

16. Fixed asset investments

Academy Trust	Investments in subsidiary companies £000
Cost or valuation	
At 1 September 2018	25
At 31 August 2019	25
Net book value	
At 31 August 2019	25
At 31 August 2018	*25*

Principal subsidiaries

The following were subsidiary undertakings of the Academy Trust:

Names	Company number	Registered office or principal place of business	Principal activity
Thinking Solutions for Education Limited	11463368	Park Crescent, Chatham, ME4 6NR	Educational support services
Little Thinkers Pre-School & Nursery Limited	04671163	Wymering Road, North End, Portsmouth, Hampshire, PO2 7HX	Pre-primary education

Class of shares	Holding	Included in consolidation
Ordinary	100%	Yes
Limited by guarantee	100%	Yes

The financial results of the subsidiaries for the year were:

Names	Income £000	Expenditure £000	Profit/(Loss)/ Surplus/ (Deficit) for the year £000	Net assets £000
Thinking Solutions for Education Limited	313	(296)	17	42
Little Thinkers Pre-School & Nursery Limited	380	(359)	21	111

17. Debtors

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Due after more than one year				
Other debtors	-	-	27	-
	-	-	27	-
Due within one year				
Trade debtors	124	*82*	67	*81*
Other debtors	467	*661*	467	*661*
Prepayments and accrued income	1,689	*1,365*	1,689	*1,365*
Tax recoverable	1	*1*	-	-
	2,281	*2,109*	2,250	*2,107*

18. Creditors: Amounts falling due within one year

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Other loans	316	*158*	316	*158*
Trade creditors	1,847	*1,728*	1,862	*1,725*
Other taxation and social security	641	*485*	631	*485*
Other creditors	222	*182*	218	*182*
Accruals and deferred income	1,339	*1,336*	1,308	*1,307*
	4,365	*3,889*	4,335	*3,857*

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Deferred income at 1 September 2018	504	*401*	504	*401*
Resources deferred during the year	710	*504*	710	*504*
Amounts released from previous periods	(504)	*(401)*	(504)	*(401)*
	710	*504*	710	*504*

The deferred income above relates to income received for trips to take place in the 2019/20 academic year of £202k *(2018 - £88k)*, grant income received in advance of £508k *(2018 - £404k)* and other income received in advance of £Nil *(2018 - £12k)*.

19. Creditors: Amounts falling due after more than one year

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Other loans	1,158	*316*	1,158	*316*

Other loans comprise the following:

Funding received from the ESFA towards the 2013/14 and 2014/15 deficits in the Victory Academy, before the school joined the Trust - £316k is shown as due within one year and £158k due after more than one year.

ESFA Recoverable Fuding Debt of £1m, taken on when Goodwin Academy (GWA) joined the Trust. The debt will be recovered by the ESFA from 2020/21 in the event that certain land at GWA is sold before then or from 2021/22 in the event that the land is not sold. The debt is shown as due after more than one year.

20. Deferred taxation

	2019 £000
Group	
At the beginning of the year	4
Charge for the year	-
	4

The deferred tax balance is made up as follows:

	Group 2019 £000	*Group 2018 £000*
Accelerated capital allowances	4	*4*

21. **Statement of funds**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General fund	402	1,112	(345)	28	-	1,197
Subsidiaries	98	693	(457)	(198)	-	136
	500	1,805	(802)	(170)	-	1,333
Endowment funds						
Endowment fund	7	-	(5)	-	-	2
Restricted general funds						
General Annual Grant (GAG)	66	36,693	(37,870)	(203)	-	(1,314)
Other DfE/ESFA grants	174	4,137	(4,113)	(170)	-	28
Other government grants	273	1,293	(1,052)	(496)	-	18
Other restricted	189	1,115	(947)	(203)	-	154
Transfer in of existing academy	-	(1,000)	-	1,000	-	-
Pension reserve	(10,262)	(2,888)	(2,116)	-	(4,699)	(19,965)
	(9,560)	39,350	(46,098)	(72)	(4,699)	(21,079)
Restricted fixed asset funds						
Fixed assets	85,262	10,486	(2,684)	2,243	-	95,307
Capital funds	527	3,127	(302)	(2,001)	-	1,351
	85,789	13,613	(2,986)	242	-	96,658
Total Restricted funds	76,229	52,963	(49,084)	170	(4,699)	75,579
Total funds	76,736	54,768	(49,891)	-	(4,699)	76,914

The specific purposes for which the funds are to be applied are as follows:

General Annual Grant (GAG) must be used for the normal running costs of the academies. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

The other DfE/ESFA grants fund is used to track non-GAG grants received from the ESFA, the DfE or executive agencies of the

21. Statement of funds (continued)

DfE and includes Pupil Premium and Teaching School grants.

The other government grants fund is used to track grants provided by government departments and includes Individually Assigned Resources funding from the Local Authority

Other restricted funds track income such as school trips and other non-grant restricted income.

The pension reserve deficit is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The net transfer to the restricted fixed asset fund of £242k represents the total capital expenditure from other non-capital funds. The balance of £1.351m on the capital fund at the end of the year represents unspent capital income.

The endowment fund represents monies held by the Bishop of Rochester Endowment Fund (charity registration number 1139048) established by a trust deed dated 11 October 2010. £500,000 was received from Medway Council during the year ended 31 August 2011 under this deed as an endowment. The Directors have entered into a Deed with the previous Trustees who have now all retired and have since removed the charity from the charities commission register as an exempt charity. All transactions are monitored by the board of Directors. The income of the endowment fund arising during each financial year is to be applied by the Trust to advance education for the benefit of the community of Chatham.

Total funds analysis by group entity

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	*2018 £000*
RGS	125	*338*
AFS	45	*119*
TPA	16	*(138)*
HGS	25	*38*
GOR	152	*121*
NHO	251	*212*
IBJ	155	*75*
NBR	280	*284*
VIC	162	*54*
CDR	196	*188*
MJS	126	*103*
MWI	15	*56*
PHI	147	*130*
MIS	18	-
GWA	(1,640)	-
Central services	12	*(469)*
Subsidiaries	136	*98*
Total before fixed asset funds and pension reserve	221	*1,209*
Restricted fixed asset fund	96,658	*85,789*
Pension reserve	(19,965)	*(10,262)*
Total	76,914	*76,736*

21. Statement of funds (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £000
Goodwin Academy	1,640

This deficit of £1.64m includes £1.0m inherited and transferred into the Academy Trust when Goodwin Academy joined on 1 September 2018. A further in-year deficit of £640k has arisen on revenue funds. This is largely as anticipated although some unexpected circumstances and costs have resulted in a larger deficit than hoped for.

The group is taking the following action to return the academy to surplus:

- Agreed in-year funding to mirror actual pupil numbers rather than lagged funding;
- A further review of staffing structures during 2019/20;
- A reduction in charges for central services; and
- Review of physical space and consider the best use of surplus space identified.

These actions will aim to return the academy into a positive position within 3 years.

21. **Statement of funds (continued)**

Total cost analysis by group entity

Expenditure incurred by each group entity during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	*Total 2018 £000*
RGS	4,141	275	492	398	5,306	*5,837*
AFS	1,243	68	79	82	1,472	*1,588*
TPA	2,792	236	268	173	3,469	*3,495*
HGS	2,895	225	247	159	3,526	*3,765*
GOR	1,382	122	156	129	1,789	*2,018*
NHO	1,561	139	177	160	2,037	*1,967*
IBJ	1,438	198	106	162	1,904	*1,419*
NBR	1,609	138	112	90	1,949	*2,010*
VIC	3,422	320	235	295	4,272	*4,258*
CDR	1,576	159	81	164	1,980	*2,217*
MJS	984	70	95	60	1,209	*1,378*
MWI	459	67	33	65	624	*670*
PHI	883	111	47	84	1,125	*551*
MIS	624	56	53	70	803	-
GWA	3,626	253	386	221	4,486	-
Central services	1,293	4,804	269	4,430	10,796	*3,758*
Subsidiaries	106	-	-	353	459	*366*
Group	30,034	7,241	2,836	7,095	47,206	*35,297*

As disclosed in note 12, the central services figure above includes additional expenditure in the year for premises and IT maintenance services which across the Trust valued £6,051m.

21. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £000	*Income £000*	*Expenditure £000*	*Transfers in/out £000*	*Gains/ (Losses) £000*	*Balance at 31 August 2018 £000*
Unrestricted funds						
General fund	*196*	*982*	*(316)*	*(460)*	-	*402*
Subsidiaries	*84*	*380*	*(366)*	-	-	*98*
	280	1,362	(682)	*(460)*	-	*500*
Endowment funds						
Endowment fund	*134*	-	-	*(127)*	-	*7*
Restricted general funds						
General Annual Grant (GAG)	*133*	*27,821*	*(28,383)*	*495*	-	*66*
Other DfE/ESFA grants	*182*	*2,950*	*(2,970)*	*12*	-	*174*
Other government grants	*142*	*1,197*	*(858)*	*(208)*	-	*273*
Other restricted	*92*	*872*	*(748)*	*(27)*	-	*189*
Pension reserve	*(11,747)*	*(299)*	*(1,413)*	-	*3,197*	*(10,262)*
	(11,198)	32,541	(34,372)	*272*	*3,197*	*(9,560)*
Restricted fixed asset funds						
Fixed assets	*83,090*	-	*(2,070)*	*4,242*	-	*85,262*
Capital funds	*447*	*4,250*	*(243)*	*(3,927)*	-	*527*
	83,537	4,250	(2,313)	*315*	-	*85,789*
Total Restricted funds	*72,339*	*36,791*	*(36,685)*	*587*	*3,197*	*76,229*
Total funds	*72,753*	*38,153*	*(37,367)*	-	*3,197*	*76,736*

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	20	-	95,307	-	95,327
Current assets	1,363	4,365	1,351	-	7,079
Creditors due within one year	(46)	(4,319)	-	-	(4,365)
Creditors due in more than one year	-	(1,160)	-	2	(1,158)
Provisions for liabilities and charges	(4)	(19,965)	-	-	(19,969)
Total	1,333	(21,079)	96,658	2	76,914

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	*Restricted funds 2018 £000*	*Restricted fixed asset funds 2018 £000*	*Endowment funds 2018 £000*	*Total funds 2018 £000*
Tangible fixed assets	23	-	85,262	-	*85,285*
Current assets	575	4,207	1,133	7	*5,922*
Creditors due within one year	(94)	(3,189)	(606)	-	*(3,889)*
Creditors due in more than one year	-	(316)	-	-	*(316)*
Provisions for liabilities and charges	(4)	(10,262)	-	-	*(10,266)*
Total	500	(9,560)	85,789	7	*76,736*

23. Reconciliation of net income to net cash flow from operating activities

	2019 £000	*2018 £000*
Net income for the year (as per Statement of financial activities)	4,877	*786*
Adjustments for:		
Depreciation	2,687	*2,072*
Capital grants from DfE and other capital income	(2,977)	*(2,000)*
Interest receivable	(16)	*(5)*
Defined benefit pension scheme obligation inherited	559	*299*
Defined benefit pension scheme cost less contributions payable	1,783	*1,124*
Defined benefit pension scheme finance cost	333	*289*
Increase in debtors	(172)	*(497)*
Increase in creditors	318	*835*
Cash impact of transfer on conversion	(210)	*(133)*
Fixed assets transferred in on conversion	(1,803)	*(2,250)*
Transfer in of existing academy trust	(5,332)	-
Net cash provided by operating activities	47	*520*

24. Cash flows from financing activities

	Group 2019 £000	*Group 2018 £000*
Repayments of borrowing	-	*(10)*

25. Cash flows from investing activities

	Group 2019 £000	*Group 2018 £000*
Dividends, interest and rents from investments	16	*5*
Purchase of tangible fixed assets	(2,265)	*(2,003)*
Capital grants from DfE Group	2,977	*2,000*
Cash transferred in on conversion	210	*133*
Net cash provided by investing activities	938	*135*

26. Analysis of cash and cash equivalents

	Group 2019 £000	*Group 2018 £000*
Cash in hand	4,798	*3,813*

27. Net movement in funds of parent company

As permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP, the Statement of Financial Activities of the parent company, The Thinking Schools Academy Trust, is not presented as part of these accounts. The parent company's net movement in all funds for the financial year was an increase of £140k (2018: £3.97m). The movements in both years are heavily influenced by the transfers of assets and liabilities into the trust for joining academies, and by pension scheme deficit movements, and these overall fund movements do not relate to operating revenue income funds.

The parent company's movement on revenue income funds was a reduction of £1.02m, however it is important to note that this included the inherited debt of £1m relating to Goodwin Academy (see note 37). The parent company Academy Trust's in-year deficit on operating revenue funds was £11k (2018: surplus of £414k)

As explained in the financial review section of the trustees' report and shown on the Statement of Financial Activities, group funds increased during the year by £178k (2018: £3.98m).

28. Transfer of new converter academies into the Academy Trust

On 1 September 2018 Meon Infant School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Thinking Schools Academy Trust from Portsmouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Consolidated balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Consolidated statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Consolidated statement of financial activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	553	553
Current assets				
Cash - representing budget surplus on LA funds	110	-	1	111
Non-current liabilities				
LGPS liability	-	(168)	-	(168)
Net assets/(liabilities)	110	(168)	554	496

The net assets above include £111k transferred as cash.

28. Transfer of new converter academies into the Academy Trust (continued)

On 1 March 2019 Meredith Infant School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Thinking Schools Academy Trust from Portsmouth City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Consolidated balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Consolidated statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Consolidated statement of financial activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	1,250	1,250
Current assets				
Cash - representing budget surplus on LA funds	100	-	21	121
Non-current liabilities				
LGPS liability	-	(391)	-	(391)
Net assets/(liabilities)	100	(391)	1,271	980

The net assets above include £121k transferred as cash.

29. Contingent liabilities

The Trust recognises a contingent liability of £220k to Teachers Pensions relating to ex-teaching staff at Victory Academy who took premature retirement in 2015, prior to the academy joining the Trust. A portion of the liability crystallises each year that pension payments are needed for the ex-staff members

A further contingent liability exists in respect of the deficit inherited when Goodwin Academy joined the Trust on 1 September 2018. As a result of an arrangement entered into with the ESFA the Trust has reflected a deficit of £1m on the understanding that this will be the Trust's maximum exposure if it meets certain conditions. The Trustees are fully confident that the conditions will be met however if, for any reason, these conditions were not met then the Trust would be responsible for the full £2.6m explained in note 37.

30. Capital commitments

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Contracted for but not provided in these financial statements				
Acquisition of tangible fixed assets	-	*274*	-	*274*

31. *Pension commitments*

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. The LGPS is a national pension scheme which is administered through numerous local pension funds. Due to the location of the Academy Trust's academies the two administering Local Authorities are Kent County Council and Hampshire County Council. Both the TPS and LGPS are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go 'basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

31. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £2,746,000 *(2018 - £2,096,000)*.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Group has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Group has set out above the information available on the scheme.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £2,276,000 *(2018 - £1,668,000)*, of which employer's contributions totalled £1,778,000 *(2018 - £1,286,000)* and employees' contributions totalled £498,000 *(2018 - £382,000)*. The agreed contribution rates for future years are 20 per cent for employers and 5.5 to 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Average principle actuarial assumption for Kent County Council and Hampshire County Council

	2019	*2018*
	%	*%*
Rate of increase in salaries	3.70	*3.80*
Rate of increase for pensions in payment/inflation	2.20	*2.30*
Discount rate for scheme liabilities	1.85	*2.65*

31. Pension commitments (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2019 Years	*2018 Years*
Retiring today:		
Males	22.1	*23.1*
Females	24.0	*25.2*
Retiring in 20 years:		
Males	23.7	*25.3*
Females	25.8	*27.5*

Sensitivity analysis

	2019 £000	*2018 £000*
Discount rate +0.1%	(1,044)	*(652)*
Discount rate -0.1%	1,070	*668*
Mortality assumption - 1 year increase	1,590	*909*
Mortality assumption - 1 year decrease	(1,546)	*(887)*
CPI rate +0.1%	867	*547*
CPI rate -0.1%	(848)	*(649)*

The Group's share of the assets in the scheme was:

	At 31 August 2019 £000	*At 31 August 2018 £000*
Equities	16,254	*11,908*
Gilts	1,911	*1,577*
Corporate bonds	1,457	*1,087*
Property	2,510	*1,855*
Cash and other liquid assets	597	*498*
Other	2,135	*952*
Total market value of assets	24,864	*17,877*

The actual return on scheme assets was £1,157,000 *(2018 - £885,000)*.

31. Pension commitments (continued)

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2019 £000	*2018 £000*
Current service cost	(2,817)	*(2,405)*
Past service cost	(739)	-
Interest income	602	*411*
Interest cost	(935)	*(700)*
Administrative expenses	(5)	*(5)*
Total amount recognised in the Consolidated Statement of Financial Activities	(3,894)	*(2,699)*

Changes in the present value of the defined benefit obligations were as follows:

	2019 £000	*2018 £000*
At 1 September	28,139	*26,825*
Conversion of academies	1,530	*798*
Transferred in on existing academies joining the trust	5,333	-
Current service cost	2,817	*2,405*
Past service costs	739	-
Interest cost	935	*700*
Employee contributions	498	*382*
Actuarial losses/(gains)	5,254	*(2,723)*
Benefits paid	(416)	*(248)*
At 31 August	44,829	*28,139*

Changes in the fair value of the Group's share of scheme assets were as follows:

	2019 £000	*2018 £000*
At 1 September	17,877	*15,078*
Conversion of academy trusts	971	*499*
Transferred in on existing academies joining the trust	3,004	-
Interest income	602	*411*
Actuarial gains	555	*474*
Employer contributions	1,778	*1,286*
Employee contributions	498	*382*
Benefits paid	(416)	*(248)*
Admin expenses	(5)	*(5)*
At 31 August	24,864	*17,877*

32. Operating lease commitments

At 31 August 2019 the Group and the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	*Group 2018 £000*	Academy Trust 2019 £000	*Academy Trust 2018 £000*
Not later than 1 year	113	*139*	113	*139*
Later than 1 year and not later than 5 years	55	*118*	55	*118*
	168	*257*	168	*257*

33. Members' liability

Each member of the Academy Trust undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

34. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the financial year:

Expenditure Related Party Transactions

Mrs. D. Trimby, the spouse of Mr. L. Trimby, a director, is employed by the Trust for her role as an Executive Business Manager. Mr. L. Trimby had no involvement in the appointment of Mrs. D. Trimby and the directors are comfortable that Mrs. D. Trimby's salary provides value for money and is not at a preferential rate. Mrs. D. Trimby is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a director.

The Academy Trust leases The Rochester Grammar School land and buildings from a related charity, Rochester Grammar School for Girls Charity, registration number 307839, at an annual peppercorn rent.

Income Related Party Transactions

The Rochester Grammar School Association registered charity number 803801, donated £13,475 *(2018 - £2,750)* to the trust during the year.

During the year the trust provided staff support services to Thinking Solutions for Education Limited,, a subsidiary undertaking of The Thinking Schools Academy Trust, at a charge of £173k *(2018 - £Nil)*.

During the year, Little Thinkers Pre-School & Nursery Limited, a subsidiary undertaking of The Thinking Schools Academy Trust, paid the trust £19k *(2018 - £19k)* in rent and service charges.

35. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. During the year ended 31 August 2019 the trust received £63k *(2018 - £47k)* and disbursed £45k *(2018 - £25k)* from the fund. An amount of £58k *(2018 - £40k)* is included in other creditors relating to undistributed funds.

36. Controlling party

Each academy is run by their respective management teams on a day to day basis. Strategic decisions for the Academy Trust are made by the Directors with support from the Regional Governing Bodies. There is no ultimate controlling party.

37. Transfer of existing academies into the Academy Trust

Goodwin Academy

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Long-term leasehold property	8,350	8,350
Furniture, equipment and vehicles	190	190
Computer equipment	121	121
Liabilities		
Creditors due after one year	(1,000)	(1,000)
Pensions		
Pensions - pension scheme liabilities	(2,329)	(2,329)
Net assets	5,332	5,332

Goodwin Academy was transferred into the Trust from The SchoolsCompany Trust (company number 08304460) on 1 September 2018 with the above values. This followed a request from the Regional Schools Commissioner that resulted in an agreement with the ESFA and the Trust that would provide beneficial arrangements for the Trust as a whole.

Officially the Trust took on £2.6m of liabilities in respect of the full amount of ESFA recoverable funding debt attributed to Goodwin Academy, however ESFA have agreed they will not seek to recover more than £1m of this from TSAT (subject to certain conditions which the Trust will meet) and so only the maximum exposure of £1m is reflected above. The Commercial Transfer Agreement provided for the transfer of operating debtor and creditor balances. The Trust was providing support to SchoolsCompany at this time and so these balances were dealt with via the SchoolsCompany bank account and the £1m balance reflected above is effectively after fair value adjustments to show the deficit on revenue income funds inherited and which is now the Trust's responsibility.

38. Teaching school trading account

	2019 £000	2019 £000	*2018 £000*	*2018 £000*
Income				
Direct income				
Core funding	40		*40*	
Teacher Subject Specialism Training	68		*133*	
Schools Direct Salaried	93		*98*	
Other	6		*6*	
Unspent grants repayable to DfE	-		*(19)*	
Grant funding paid over to other schools	(44)		*(35)*	
Total direct income	163		*223*	
Other income				
Fundraising and other trading activities	16		*19*	
Total income		179		*242*
Expenditure				
Direct expenditure				
Direct staff costs	91		*132*	
Staff development	55		*73*	
Other	6		*10*	
Total direct expenditure	152		*215*	
Other expenditure				
Other support costs	5		*9*	
Governance costs	1		*1*	
Total other expenditure	6		*10*	
Total expenditure		158		*225*
Surplus from all sources		21		*17*
Teaching school balances at 1 September 2018		16		*(1)*
Teaching school balances at 31 August 2019		37		*16*